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Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-05
CEA-01 AGRE-00 L-03 H-01 PRS-01 DODE-00 NEAE-00
/084 W
----------079081 131821Z /47
P 131607Z SEP 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC PRIORITY 9380

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EO 11652: NA
TAGS: EFIN, EAID, IBRD, IMF, OVIP (KAISSOUNI, MONEIM) EG, US
SUBJ: DEPPRIMIN KAISSOUNI'S VISIT TO WASHINGTON

REF (A) STATE 205088, (B) STATE 165544, (C) CAIRO 15139,

1. MISSION HELD FOLLOWUP DISCUSSION WITH GOE OFFICIALS REGARDING BASIS FOR FY78 CIP COMMITMENT LEVEL OF DOLS 350 MILLION SUGGESTED BY KAISSOUNI. THIS LEVEL IS RELATED TO GOE FOREIGN EXCHANGE BUDGET WHICH ASSUMES DOLS 440 MILLION IN L/C'S WILL BE OPENED UNDER CIP DURING 1978. DETAILS AS TO HOW DOLS 440 MILLION LEVEL ARRIVED AT WILL BE MADE AVAILABLE TO MISSION SHORTLY. PRESUMABLY THIS LEVEL RELATES TO PROJECTED IMPORT NEEDS AS WELL AS TO OTHER LEVELS OF ASSISTANCE EXPECTED, ESPECIALLYFROM GODE. OVER NEXT SEVERAL WEEKS MISSION WILL BE EXAMING B OF P OUTLOOK FOR 1978/79 IN GREATER DEPTH. WE EXPECT TO BE GIVEN MORE DETAIL ON REASONING BEHIND HIGHER GOE LEVEL OF CIP ASSISTANCE AND BE IN A POSITION TO MAKE JUDGMENT ON ACTUAL NEEDS.

2. FYI: L/C LEVEL OF DOLS 440 MILLION WOULD REQUIRE HIGHER RATE THAN WE ARE CURRENTLY EXPERIENCING (EQUIV TO DOLS
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1.2 MILLION A DAY VS CURRENT RATE OF ABOUT DOLS 1.0 MILLION). THIS LEVEL, IF OBTAINED, COULD BE SUSTAINED DURING CY78 WITH FY78 CIP LEVEL OF DOLS 250 MILLION BUT WOULD DRAWN DOWN AVAILABLE CARRYOVER OF FUNDS FOR CY79 TO AN ESTIMATED SOLS 185 LEVEL. DEPENDING ON FY79 CIP FUNDING (DOLS 200 MILLION IN ABS), LEVEL OF L/C'S DURING CY79 WOULD HAVE TO BE REDUCED TO MUCH LOWER RATE. FY78 CIP LEVEL OF DOLS 350 MILLION WOULD ALLOW

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ADDITIONAL DOLS 100 MILLION CARRYOVER AND UTILIZATION RATE
DURING CY79 COULD BE MAINTAINED AT HIGHER LEVEL. END FYI

3. KIASSOUNI WAS INFORMED LAST MONTH THAT CHANGE IN FY78
CIP LEVEL WOULD REQUIRE CONSULTATIONS WITH CONGRESS AND THAT
MISSION WOULD NEED STRONG JUSTIFICATION. MISSION RECOMMENDS
AID/W TAKE POSITION THAT FINAL DETERMINATION WILL HAVE TO WAID
UNTIL MISSION COMPLETES ITS BALCE OF PAYMENTS ANALYSIS. IN-
TERNALLY, MISSION HAS CONSIDERED ALTERNATIVE APPROACHES TO
PROVIDING BALANCE OF PAYMENT SUPPORT IN ADDITION TO USE OF CIP
PROGRAM. MISSION HAS NOT REACHED ANY CONCLUSIONS REGARDING
SUCH APPROACHES. WHEN DETAILS OF BP OUTLOOK MORE COMPLETE,
MISSION WILL BE IN BETTER POSITION TO JUDGE MERITS OF THESE
IDEAS.

4. IT IS QUITE POSSIBLE KAISSOUNI WILL RAISE EMBARGO OF
COTTON EXPORTS TO USSR IN CONNECTION WITH NEED FOR HIGHER
CIP LEVEL SINCE HE HAS BROACHED SUBJECT WITH EMBASSY
(CAIRO 13662).

5. KAISSOUNI MAY RAISE AGAIN QUESTION OF EGYPT'S IDA SHARE
WITH SEC BLUMENTHAL DURING WASHINGTON VISIT. EMBASSY COVERED
POINTS PROVIDED REF B IN RESPONSE TO KAISSOUNI BUT HE MAY
STILL TAKE OCCASION TO MENTION POSSIBILITY OF USG INFLUEN-
CING OUTCOME OF REVIEW OF IDA CRITERIA.

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6. REF C SENT RE SUBDITY/WAGE INCREASE DISCUSSION CURRENTLY
BEING REPORTED BY LOCAL PRESS. AS MORE INFO AVAILABLE IT WILL
BE REPORTED. DECON 9/13/78.
EILTS

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
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Concepts: MINISTERIAL VISITS
Control Number: n/a
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Sent Date: 13-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Handling Restrictions: n/a
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Review Content Flags:
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SAS ID: 1299650
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TAGS: EFIN, EAID, OVIP, EG, US, IBRD, IMF, (KAISSOUNI, MONEIM)
To: STATE
Type: TE
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